

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 1247 – HB 1134**

April 1, 2014

**SUMMARY OF ORIGINAL BILL:** Exempts National Basketball Association (NBA) players and National Hockey League (NHL) players from paying occupational privilege tax

**FISCAL IMPACT OF ORIGINAL BILL:**

Decrease Local Revenue – \$2,160,000/FY13-14  
\$3,600,000/FY14-15 and Subsequent Years

**SUMMARY OF AMENDMENT (015721):** Deletes all language after the enacting clause. Deletes the provision requiring all taxes collected from NBA or NHL players to be deposited into a municipal government fund located in the municipality where the game is played, which effectively shifts such revenue from local governments to the state.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

Increase State Revenue – \$2,160,000/FY13-14  
\$3,600,000/FY14-15 and Subsequent Years

Decrease Local Revenue – \$2,160,000/FY13-14  
\$3,600,000/FY14-15 and Subsequent Years

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 67-4-1702(a)(7) and Tenn. Code Ann. § 67-4-1703(d), NBA and NHL players are subject to a \$2,500 tax per game played in Tennessee, with a three game annual cap, due and payable on June 1 of each year.
- Pursuant to Tenn. Code Ann. § 67-4-1703(e), all taxes collected from NBA or NHL players are deposited into a municipal government fund located in the municipality where the game is played. For counties with metropolitan form of government, such funds are held for the exclusive use of currently existing entities attached to committees provided for in Tenn. Code Ann. § 7-4-202(d). For all other municipalities, the funds shall be held for the exclusive use of the convention and visitors bureau in the municipality.

**SB 1247 – HB 1134**

- This bill as amended would delete Tenn. Code Ann. § 67-4-1703(e), which requires all taxes collected from NBA or NHL players to be deposited into a municipal government fund located in the municipality where the game is played. As a result, and pursuant to Tenn. Code Ann. § 67-4-1701, these taxes will be deposited in the state General Fund.
- According to the Department of Revenue, occupational privilege tax collections from NBA and NHL players were \$3,600,000 in FY12-13. This number is assumed to remain constant into perpetuity under current law.
- The recurring decrease in local government revenue and the equivalent recurring increase in state revenue are estimated to be \$3,600,000.
- Based on historical occupational privilege tax collections, it is estimated that 40 percent of NBA and NHL occupational privilege tax returns for FY13-14 will be filed prior to the effective date of the bill as amended (effective upon becoming a law). The remaining 60 percent of return will be filed after the effective date of the bill as amended.
- The resulting one-time decrease in local government revenue in FY13-14 and the equivalent one-time increase in state revenue are estimated to be \$2,160,000 (\$3,600,000 x 60.0%).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/bos